

Message Text

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53

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 PA-02

PRS-01 USIE-00 AS-01 SSO-00 NSCE-00 INRE-00 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 EURE-00 /087 W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 5238

UNCLAS PARIS 29876

PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJ: FINMIN FOURCADE COMMENTS ON MONETARY ASPECTS OF
SUMMIT

1. FOLLOWING SUMMARIZES COMMENTS OF FINMIN FOURCADE AS
REPORTED BY WIRE SERVICE OF AGENCE FRANCE PRESS ON NOV
17. SEPTTEL FOLLOWS WITH SUMMARIES OTHER PRESS STORIES.

2. FINMIN FOURCADE QUOTED AS SAYING "FRANCE PREFERS
NOT TO FIX A TIME FOR RETURN TO "STABLE BUT ADJUSTABLE"
RATES OF EXCHANGE RATHER THAN TO LEGALIZE THE FLOATING
OF CURRENCIES." AFP GOES ON TO SAY THAT FOURCADE
TERMED FRANCO-AMERICAN COMPROMISE ON EXCHANGE RATES AS
POSITIVE TO EXTENT THAT IT PERMITS ORDERING
(ORDONNER) OF PRESENT CURRENCY FLOAT AS WELL AS UN-
BLOCKING (DEBLOQUER) REFORM OF THE INTERNATIONAL MONE-
TARY SYSTEM. ON BASIS OF COMPROMISE (COMPROMIS)
REACHED AT RAMBOUILLET, AGREEMENT ON REFORM OF IMF
STATUTE IS POSSIBLE NEXT JAN IN JAMAICA. FOURCADE
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QUOTED AS SAYING "WE HAVE REACHED AN IMPORTANT

CONVERGENCE (SIC) ON THE NOTION OF STABILITY IN EXCHANGE-RATE RELATIONS, WHICH IS SHOWN IN A TWO-STAGE AGREEMENT: FOR THE SHORT RUN, WE ALL RECOGNIZE THE ERRATIC SITUATION IN EXCHANGE MARKETS, AND THE FACT THAT IT IS ABSURD THAT IN A PERIOD OF AMERICAN ECONOMIC RECOVERY THE EXCHANGE RATE OF THE DOLLAR SHOULD VARY SO MUCH." DURING AN INTERIM PERIOD, "WE WILL HENCE CHARGE OUR MONETARY AUTHORITIES WITH THWARTING (CONTRACARRER) EXCHANGE-MARKET DISRUPTIONS OR ERRATIC FLUCTUATIONS IN EXCHANGE RATES. OVER THE MEDIUM TERM, WE ARE COMMITTED TO WORK WITH THE IMF AND OTHER MEMBER COUNTRIES TO ASSURE ORDERED EXCHANGE ARRANGEMENTS AND TO PROMOTE A STABLE SYSTEM OF EXCHANGE RATES. THAT MEANS THAT WE HAVE SET FOR OUR GOAL A RETURN TO A SYSTEM OF STABLE BUT ADJUSTABLE EXCHANGE RATES. THE FRANCO-AMERICAN COMPROMISE MEANS THAT, FOR AN INTERIM PERIOD, ANYTHING IS POSSIBLE -- BUT ONE MATCHES THIS FREEDOM WITH A MECHANISM FOR INTERVENTION -- AND THE OBJECTIVE FOR EVERYONE IS THE RETURN TO A SYSTEM OF STABLE EXCHANGE RATES."

RUSH

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